

# toronto star limited annual report 1970

AR09

*Comp report*



## building for tomorrow





## The President's Report

## Toronto Star Limited

As President of Toronto Star Limited, I consider the annual report of the company to be a document which should be read by all shareholders.

The year 1970 was a year of significant change for the company. It was a year of growth and development, and it was a year of challenges and opportunities.

The company's financial performance was strong, and it was able to maintain its position as a leading newspaper in the city. The company's assets were well managed, and it was able to meet its obligations to its shareholders.

The company's management team was committed to the company's success, and they were able to lead the company through a year of change. The company's employees were dedicated and hardworking, and they played a key role in the company's success.

The company's future is bright, and it is well positioned to continue its growth and development. The company's management team is committed to the company's success, and they will continue to lead the company through the challenges and opportunities of the future.

The company's financial performance was strong, and it was able to maintain its position as a leading newspaper in the city. The company's assets were well managed, and it was able to meet its obligations to its shareholders.

circulation revenue of subsidiary newspapers also increased significantly through the addition of two wholly-owned subsidiary newspapers accounted for much of this increase. Printing and other revenues declined as a result of the transfer of the printing contract for Southstar Publishers Limited to the Montreal Standard Publishing Company.

Daily Star circulation continues its steady growth pattern of between 2% and 3% per annum. The last Audit Bureau of Circulations Publisher's Statement shows average circulation reached a new high of 398,258 for the six month period ended March 31, 1970. This represents a gain of 10,650 copies, or 2.6%, over the prior period. Toronto and its retail trading zone is serviced by three English language daily newspapers. The Star's share of this important market now stands at 48.3%.

Amongst the three Toronto newspapers, The Star's share of the total advertising fringe market went from 42.69% in 1969 to 43.06% in 1970 — an increase of 1.37% of the market.

While the price of newsprint, paper and other services rose during the year, a strict cost reduction program helped to minimize these increases. The reduced printing activities at the Harbour Plant accounted for the reduction in paper and ink cost and also affected employee and other operating costs.

The year ahead is one of challenges for your company. In view of the fixed asset accumulation program planned for 1971 in the amount of

**Board of Directors:**  
Reta Scott Henderson  
President and Publisher  
Burrill M. Thall  
Vice-President  
Murray Turner  
Vice-President  
Harry A. Hindmarsh  
Secretary  
George B. Kington  
Treasurer  
William J. Campbell  
Ruth Atkinson Hindmarsh  
Stewart A. Woods  
Walter L. Clifton  
Alex J. Macmillan

**Officers:**  
William C. Rankin  
Business Manager

Toronto Star Limited



# The President's Report

Your Directors are pleased to submit the annual report of the company for the fiscal year ended September 30, 1970.

Net income before extraordinary items increased by \$291,000 or 10.5% over 1969. Earnings per share before extraordinary items increased from \$1.15 to \$1.28.

Quarterly dividends were paid at the rate of 22½¢ per share. An extra dividend of 7½¢ was declared in the last quarter bringing total dividends for the year to 30¢ per share. Total dividends for the year were equivalent to 1969 after recognizing the two for one share split described below.

By supplementary letters patent dated March 2, 1970, the capital stock of the company, with the exception of Class A shares, was reorganized on the basis of two shares for one. At the same time the Directors were given the right to refuse a transfer of shares in the company which would jeopardize its ability to hold a licence to operate a broadcasting undertaking or its status as a Canadian newspaper or periodical.

Through a Secondary Offering, 500,000 Class B shares were offered to the public, and on May 22, 1970, Class B shares were listed for trading on the Toronto Stock Exchange and the Montreal Stock Exchange.

Despite the uncertain economic conditions which existed throughout the year, Gross Revenues increased by 1.8%. The advertising and circulation revenues of The Daily Star increased by 4.5%. The advertising and

circulation revenues of subsidiary newspapers also increased significantly although the addition of two wholly owned subsidiary newspapers accounted for much of this increase. Printing and other revenues declined as a result of the transfer of the printing contract for Southstar Publishers Limited to the Montreal Standard Publishing Company.

Daily Star circulation continues its steady growth pattern of between 2% and 3% per annum. The last Audit Bureau of Circulations Publisher's Statement shows average circulation reached a new high of 398,268 for the six month period ended March 31, 1970. This represents a gain of 10,850 copies or 2.8%, over the prior period. Toronto and its retail trading zone is serviced by three English language daily newspapers. The Star's share of this important market now stands at 48.6%.

Amongst the three Toronto newspapers, The Star's share of the total advertising lineage market went from 42.69% in 1969 to 43.96% in 1970 — an increase of 1.27% of the market.

While the price of newsprint, labor and other services rose during the year, a firm cost reduction program helped to minimize these increases. The reduced printing activities at the Harbour Plant accounted for the reduction in paper and ink costs and also affected employee and other operating costs.

The year ahead is one of challenge for your company. In view of the fixed asset acquisition program planned for 1971 in the amount of

## Board of Directors

Beland H. Honderich  
President and Publisher  
Burnett M. Thall  
Vice-President  
Murray Turner  
Vice-President  
Harry A. Hindmarsh  
Secretary  
George B. Kimpton  
Treasurer  
William J. Campbell  
Ruth Atkinson Hindmarsh  
Stewart A. Woods  
Walter L. Gordon  
Alex J. MacIntosh

## Officers

William C. Rankin  
Business Manager



\$11.5 million and the commitment to finance approximately \$12 million of the new building, your company has made arrangements for appropriate term financing to be available in 1971.

A move to the new Star building is expected to take place late in 1971. Prior to this transfer of operations there will be some months of installation and testing of new production equipment at the new building.

A significant price increase in the cost of newsprint, a major cost item, will take place on January 1, 1971. Labor contracts covering the majority of our staff expire on December 31, 1970.

The company has set aside 200,000 Class B shares to enable employees to participate in a share purchase plan over the next few years. The first phase of this plan will commence in late November when eligible employees will be able to subscribe for shares and pay for these through payroll deductions over a two year period.

The Directors wish to express their appreciation and thanks to the employees of the company for their continued loyal service.

On behalf of the Board

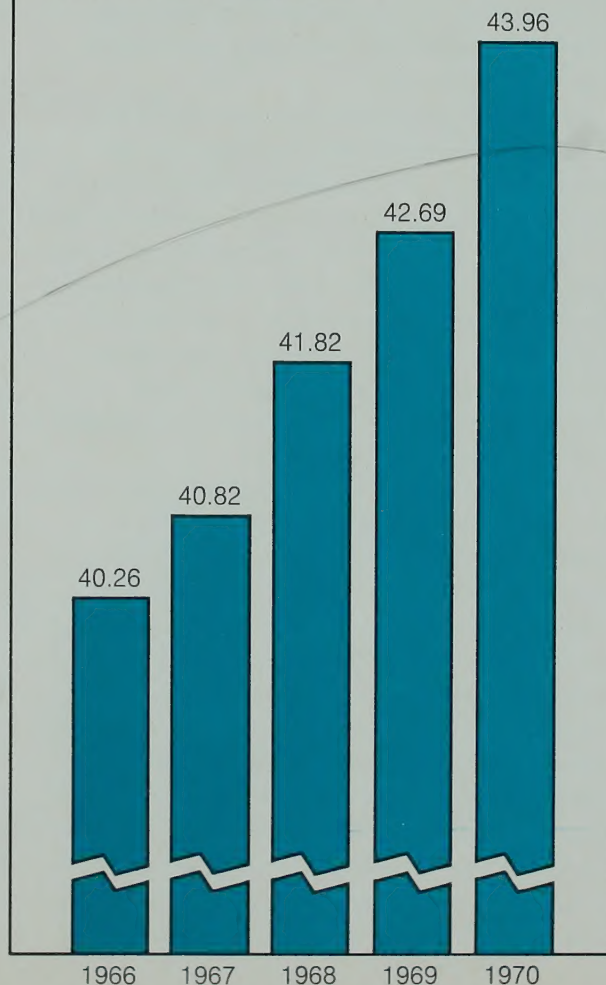
*Belond Honohrich*

President

### Star share of Toronto newspaper advertising linage.

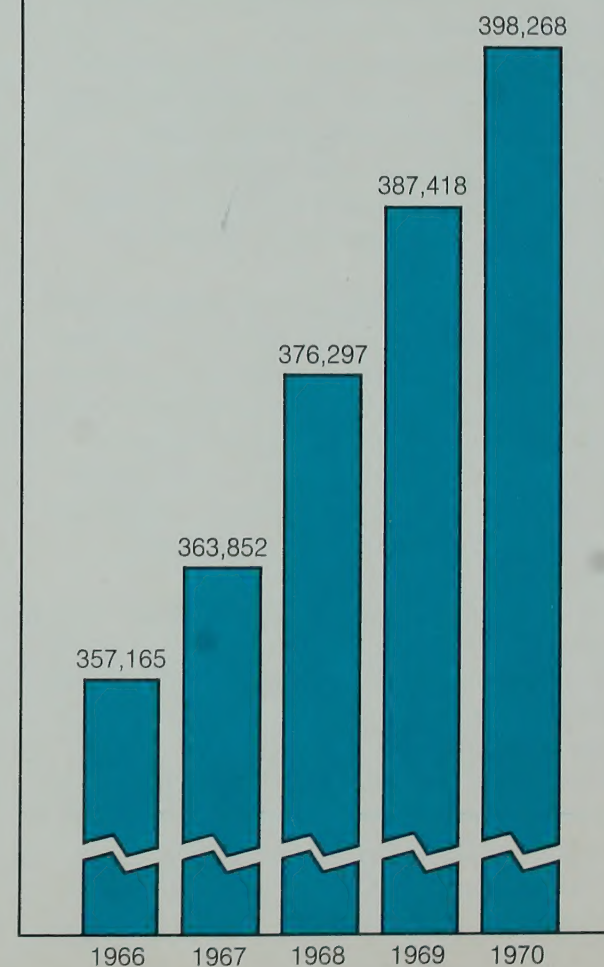
(Shown as percentages).

Source: Star Records Department.



### Toronto Daily Star total paid circulation six day average.

Source: ABC Publisher's Statements for six months ending March 31st, 1966-70.






A new concept in reader involvement was introduced in January, 1970 when Page Seven became the "Voice of the People."

The Star Forum will let each candidate state his or her own case, indicating what he has to offer, what they'd do if elected and their feelings about their opponents.

Here's your chance to get a first hand look at what the candidates stand for — with the images and facts separated and clear.

Don't miss this pre-election Star Forum debate. It's in Toronto's big Saturday Star. And watch the special broadcast on the Rogers Cable TV. See you there.

This printed dialogue between **Toronto Daily Star**



Derivations

[illegible]

## Voice of the People



# Toronto Star Limited Consolidated Balance Sheet

(Incorporated under the laws of Ontario)

September 30, 1970 (with comparative figures at September 30, 1969)

Assets	1970	1969
<b>Current:</b>		
Cash	\$ 578,000	\$ 529,000
Marketable securities at amortized cost (market value 1970—\$2,337,000; 1969 — \$3,600,000)	2,451,000	3,718,000
Receivables—trade	6,345,000	5,446,000
Receivable—contractors	637,000	
Mortgage receivable, current portion		1,400,000
Inventories, at cost	1,105,000	1,057,000
Prepays	676,000	567,000
Deferred income tax charges, current portion	573,000	
<b>Total Current Assets</b>	<b>12,365,000</b>	<b>12,717,000</b>
<b>Equities in 50% Owned Companies</b>	<b>819,000</b>	<b>1,507,000</b>
<b>Mortgage Receivable</b> —due \$8,600,000 1972; \$5,963,000 1978	<b>14,563,000</b>	<b>14,563,000</b>
<b>Property, Plant and Equipment</b> (note 1):		
Property, plant and equipment, at cost	15,788,000	15,085,000
Less accumulated depreciation	10,007,000	9,690,000
	5,781,000	5,395,000
Equipment under construction	3,094,000	1,199,000
<b>Total Property, Plant and Equipment</b>	<b>8,875,000</b>	<b>6,594,000</b>
<b>Other:</b>		
Deferred income tax charges	565,000	1,465,000
Goodwill, at cost	467,000	453,000
<b>Total Other Assets</b>	<b>1,032,000</b>	<b>1,918,000</b>
<b>Total Assets</b>	<b>\$37,654,000</b>	<b>\$37,299,000</b>

On behalf of the Board:

*Beland Houslerich* Director

*W. H. H. H. H. H.* Director



<b>Liabilities and Shareholders' Equity</b>	<b>1970</b>	<b>1969</b>
<b>Current:</b>		
Payables and accrued liabilities	\$ 5,685,000	\$ 4,079,000
Dividends payable	315,000	
Taxes payable	525,000	2,167,000
Current portion of long term debt	550,000	160,000
<b>Total Current Liabilities</b>	<b>7,075,000</b>	<b>6,406,000</b>
<b>Provision for Relocation Expenses</b>	<b>1,539,000</b>	<b>2,887,000</b>
<b>Long Term (note 2):</b>		
5½ % First mortgage sinking fund bonds due 1978	4,799,000	4,980,000
6% Sinking fund debentures due 1979	1,650,000	2,229,000
7¼ % Mortgage due 1971		550,000
<b>Total Long Term Liabilities</b>	<b>6,449,000</b>	<b>7,759,000</b>
<b>Minority Interest in Subsidiaries</b>	<b>67,000</b>	<b>63,000</b>
<b>Shareholders' Equity:</b>		
Capital—(note 3)		
Authorized:		
Issued:		
2,400,000 shares without par value	1,500,000	1,500,000
Retained earnings	21,024,000	18,684,000
<b>Total Shareholders' Equity</b>	<b>22,524,000</b>	<b>20,184,000</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$37,654,000</b>	<b>\$37,299,000</b>

(See accompanying notes to the financial statements)



# Notes to Consolidated Financial Statements

Year ended September 30, 1970

## 1. Properties and Commitments

Under a letter of intent the company has agreed to loan approximately \$12 million to the builder-owner of the new Toronto Star Building. The company will lease the whole of the new building for a term of 30 years at an annual rental of approximately \$2.3 million and will lease back a portion to the builder-owner for the same term at an annual rental of approximately \$1.1 million. In addition to the payment of the net annual rental of approximately \$1.2 million the company will bear the cost of all municipal taxes, maintenance and other operating costs relating to the portion of the building it occupies and the builder-owner will bear the taxes and costs for the balance of the building.

The company has approved programs which when completed will result in further additions to fixed assets of \$11.5 million. As at September 30, 1970 there were outstanding commitments of \$7.6 million in connection with these programs.

## 2. Sinking Fund Requirements

The annual sinking fund requirements under the first mortgage bonds and the debentures are as follows:

First mortgage bonds — \$395,000 until May 1, 1977  
Debentures — \$117,000 until May 1, 1978.

## 3. Share Capital

On March 2, 1970 Supplementary Letters Patent were obtained subdividing all classes of shares other than Class A shares on a two for one basis and providing that the registration of a transfer of shares may be refused if such transfer would jeopardize either the ability of the company to engage in broadcasting, or its status as a Canadian newspaper.

Information with respect to the authorized share capital of the company, and certain conditions relating to the rights of each class of shares, is set out below:

- i) Authorized capital—
  - 2,889,057 Class A shares, par value \$1, redeemable at par, after giving effect to the stock dividend to shareholders of record on September 25, 1970 payable on October 15, 1970
  - 2,492,385 Class B shares, without par value
  - 1,107,615 Class C shares, without par value
  - 543,010 Class D shares, without par value

656,990 Common shares, without par value

- ii) Issued and outstanding—
  - 692,385 Class B shares, without par value
  - 1,107,615 Class C shares, without par value
  - 542,998 Class D shares, without par value
  - 57,002 Common shares, without par value
- iii) Dividend entitlements—
  - a) Class A shares are entitled to non-cumulative preferential cash dividends at the rate of 3% per annum.
  - b) Class B shares are entitled to non-cumulative preferential cash dividends aggregating 22½¢ per share per annum, payable 5⅝¢ per share quarterly. After payment of the quarterly preferential dividend for any quarter on the Class B shares, dividends of up to 5⅝¢ or its equivalent per share may be paid on Class C and D shares and upon the common shares. Whenever dividends of 22½¢ or its equivalent per share have been paid in any calendar year on the Class B, C and D shares and common shares, all further dividends declared in such calendar year shall be declared on all outstanding Class B, C and D shares and common shares without preference.
  - c) Provision is made whereby dividends on Class C and D shares may be made in the form of a stock dividend of redeemable shares of the company; in this event, the conditions attaching to the Class C and D shares provide that a suitable adjustment be made for taxes payable by the company with respect to such stock dividends.
- iv) Conversion privileges—
  - a) Class B shares may be converted at any time into Class C shares on the basis of one Class C share for each Class B share.
  - b) Class C shares may be converted at any time into Class B shares on the basis of one Class B share for each Class C share.
  - c) Class D shares may be converted at any time into common shares on the basis of one common share for each Class D share.
- v) Voting privileges—
  - Class D shares and common shares have full voting rights under all circumstances; Class A shares have no general voting rights. Class B and C shares are entitled to general voting rights only after the company has failed to pay the quarterly dividends of 5⅝¢ per share,

or its equivalent, in each of eight consecutive quarters.

- vi) Employees' Share Purchase Plan—
  - Subsequent to September 30, 1970, the company introduced an Employees' Share Purchase Plan whereby employees may through payroll deductions subscribe for Class B shares at the lower of:
    - a) 95% of the market value on the starting date of the plan and;
    - b) the market value at the end of the two year payment period.
  - 200,000 unissued Class B shares have been reserved for this purpose.

## 4. Dividends

The company declared dividends of 30¢ in cash or its equivalent per outstanding share as subdivided. With respect to Class C and D shares, dividends at 85% of the cash amount were paid in the form of Class A shares and the amount recorded in the retained earnings account includes the 15% tax paid under Section 105 of the Income Tax Act; in this connection, including the stock dividend payable on October 15, 1970, 444,608 Class A shares, par value \$1, were issued and redeemed at par.

Under Trust Deeds relating to the company's long term debt, distributions to shareholders (as defined) are restricted to the extent that such distributions would reduce consolidated net current assets (as defined) below \$3,500,000.

## 5. Remuneration

The expenditures for 1970 include remuneration of \$355,000 (1969—\$372,000) of Directors (including their compensation as officers) and senior officers.

## 6. Pension Plans

At September 30, 1970, the total unamortized past service costs under the company's pension plans approximate \$1,900,000. These past service costs are being amortized principally over a 25 year period from the dates such costs were established.

## 7. Contingent Liability, Dismissal and Severance

No provision has been made for the contingent liability of the company with respect to the dismissal and severance provisions contained in contracts, and with respect to compassionate allowances.



# Consolidated Statement of Income

Year ended September 30, 1970 (with comparative figures for the year ended September 30, 1969)

	1970	1969
<b>Revenue:</b>		
Advertising and circulation—Daily Star	\$42,915,000	\$41,077,000
Advertising and circulation—Other	3,369,000	1,889,000
Printing and other	6,495,000	8,988,000
Investment revenue	309,000	254,000
Equity in net income of 50% owned companies	89,000	67,000
<b>Total Revenue</b>	<b>53,177,000</b>	<b>52,275,000</b>
<b>Operating Costs:</b>		
Employee costs	21,943,000	20,987,000
Paper and ink	12,093,000	12,949,000
Other operating costs	11,487,000	11,073,000
Depreciation	769,000	822,000
<b>Total Operating Costs</b>	<b>46,292,000</b>	<b>45,831,000</b>
<b>Financial:</b>		
Interest on long term debt, discount and financing expense	514,000	618,000
<b>Total Operating and Financial Costs</b>	<b>46,806,000</b>	<b>46,449,000</b>
<b>Net Income Before Income Taxes</b>	<b>6,371,000</b>	<b>5,826,000</b>
<b>Income Taxes</b>	<b>3,311,000</b>	<b>3,057,000</b>
<b>Net Income Before Extraordinary Items</b>	<b>3,060,000</b>	<b>2,769,000</b>
<b>Extraordinary Items</b> (net of income tax):		
Profit on sale of land (after provision for relocation and related expenses)		8,650,000
Profit on sale of equipment		140,000
		8,790,000
<b>Net income</b>	<b>\$3,060,000</b>	<b>\$11,559,000</b>
<b>Per Share, Net Income Before Extraordinary Items</b>	<b>\$1.28</b>	<b>\$1.15</b>

(See accompanying notes to the financial statements)



# Consolidated Statement of Retained Earnings

Year ended September 30, 1970 (with comparative figures for the year ended September 30, 1969)

	1970	1969
Net Income Before Extraordinary Items	\$ 3,060,000	\$ 2,769,000
Extraordinary Items		8,790,000
Net Income for the Year	3,060,000	11,559,000
Less Dividends (note 4)	720,000	720,000
Net Increase for the Year	2,340,000	10,839,000
Retained Earnings, Beginning of Year	18,684,000	7,845,000
Retained Earnings, End of Year	\$21,024,000	\$18,684,000

(See accompanying notes to the financial statements)

## Auditors Report to the Shareholders of Toronto Star Limited:

We have examined the consolidated balance sheet of Toronto Star Limited and its subsidiaries as at September 30, 1970 and the consolidated statements of income, retained earnings, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies

as at September 30, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Clarkson, Gordon & Co.*  
Chartered Accountants

Toronto, Canada,  
November 11, 1970.



# Consolidated Statement of Source and Application of Funds

Year ended September 30, 1970 (with comparative figures for the year ended September 30, 1969)

	1970	1969
<b>Source of Funds:</b>		
From operations—		
Net income before extraordinary items	\$ 3,060,000	\$2,769,000
Add charges to income which did not reduce working capital:		
Depreciation	769,000	822,000
Deferred income taxes	325,000	
Bond discount		111,000
Other	(86,000)	(62,000)
<b>Total Funds From Operations</b>	<b>4,068,000</b>	<b>3,640,000</b>
Proceeds on disposal of 50% owned company (excluding non-working capital proceeds)	348,000	
Proceeds from disposal of equipment		300,000
Net proceeds from sale of land		1,126,000
<b>Total Source of Funds</b>	<b>4,416,000</b>	<b>5,066,000</b>
<b>Application of Funds:</b>		
Purchase of fixed assets	2,541,000	1,874,000
Reduction in long term debt	1,310,000	1,053,000
Provision for relocation expense—net of tax	772,000	
Dividends	720,000	720,000
Other	94,000	8,000
<b>Total Application of Funds</b>	<b>5,437,000</b>	<b>3,655,000</b>
<b>(Decrease) Increase in Working Capital</b>	<b>\$(1,021,000)</b>	<b>\$1,411,000</b>
<b>Working Capital, End of Year</b>	<b>\$5,290,000</b>	<b>\$6,311,000</b>

(See accompanying notes to the financial statements)

# Looking Back

In a few months The Star will move to its new home. Looking ahead to a new building, it is easy to see this newspaper in terms of concrete and steel, glass and broadloom — to relate its history of growth in terms of its past buildings.

But to do so would mean to lose sight of the fact that these are only the decorations of a newspaper, that the substance is in its product.

A newspaper should provide new ideas and new approaches to the problems that concern the ordinary citizen. The propagation of fresh intuitions about the community in which it is published is the most important service a paper can render. It is in the definition and solution of such issues that The Star's substance is found.

The aim of The Star since its inception has been the improvement of life for the citizens of the community and country which it serves. Its campaigns for social reform have been the mainstay of The Star's continuing editorial policy.

As well, The Star has been the voice of the man in the street. The paper has always been strong in opposition to those who advocate racial or religious bigotry and the exploitation of the ordinary citizen by forces beyond his control.

The Star has always strongly advocated an independent Canada, commencing as early as 1894. It still supports vigorously the principle of autonomy for Canada in the management of her affairs.

The Star's buildings are important, then, not for themselves, but for what happened in them.

## 1892

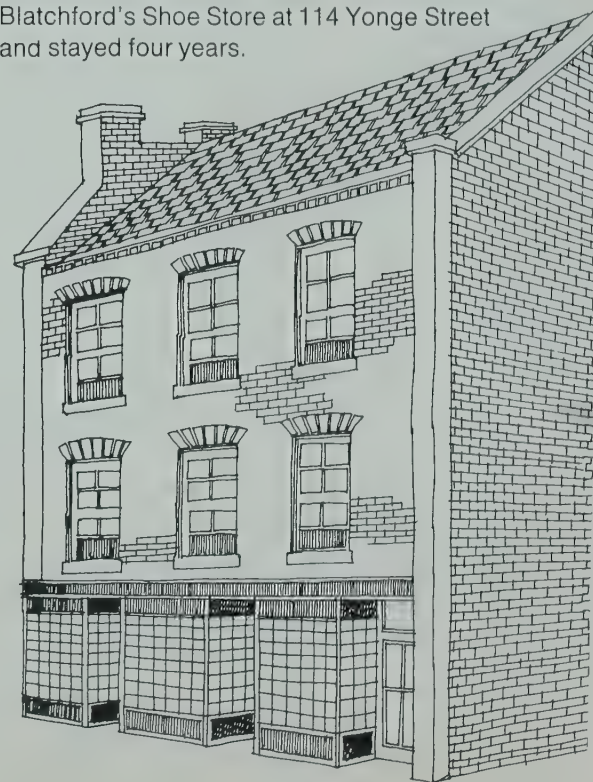
Formed by 25 compositors striking against The Evening News, the forerunner of The Toronto Daily Star first published on Nov. 3, 1892.

Called The Evening Star, it was printed on the presses of The World at 83 Yonge Street. It called itself "A Paper for the People," and editorially predicted that "the means and ability are at hand to make it the finest newspaper in the city."



## 1892-1896

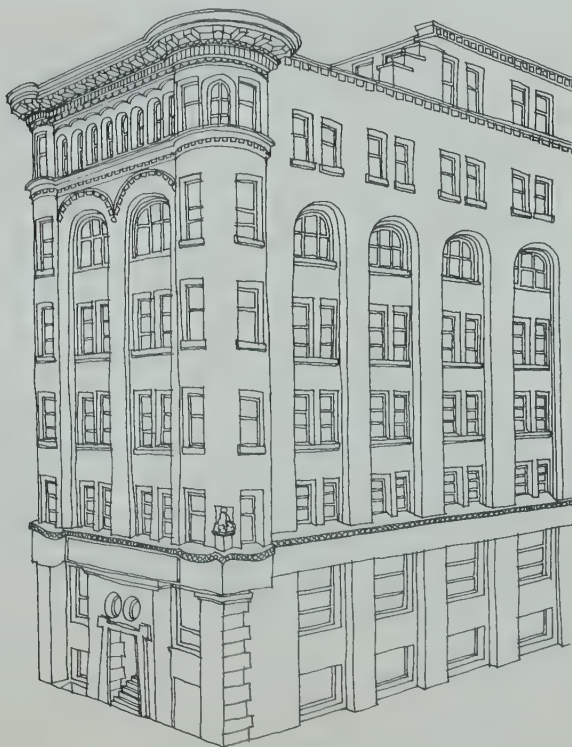
Even in its early days, The Star was liberal, lively and reform-minded. It attacked unfair labor practices ("Oppressive Work, Starvation Wages — Further Revelations of the Evils of the Sweating System in the Tailoring Business as Carried on in Toronto" — Jan. 13, 1894), supported a "minimum rate of wage law" and vigorously campaigned against Sunday operation of streetcars. Six weeks after its first issue, The Star moved in December, 1892, to escape attempts at control by The World's owner. The paper set up over Blatchford's Shoe Store at 114 Yonge Street and stayed four years.





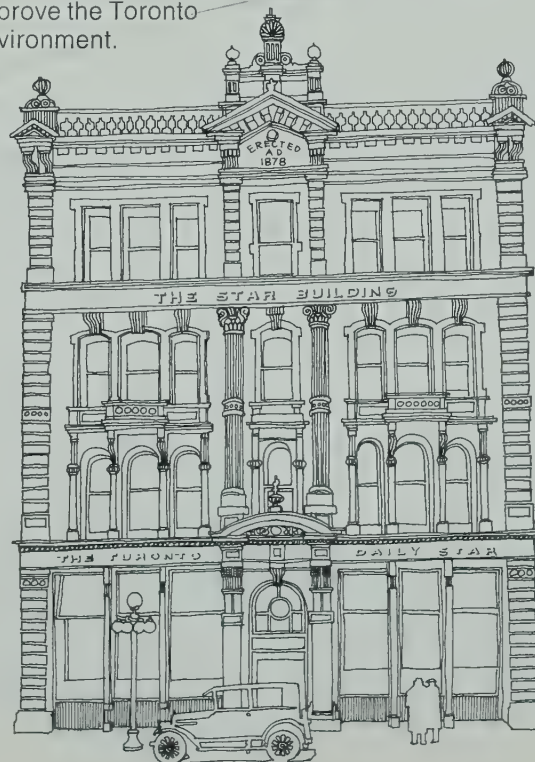
## 1896-1905

In 1896 new owners took The Star into the printing facilities of the Saturday Night building at 26-28 Adelaide Street. It was here that Joseph E. Atkinson joined the newspaper and became the force behind its great period of growth. In these years The Star started the Fresh Air Fund (1902), followed by the Santa Claus Fund (1906) to aid underprivileged children and began to champion an autonomous Canada, warning against U.S. encroachment of our sovereignty, and decried racial accusations against French Canadians who refused to support the Boer War.



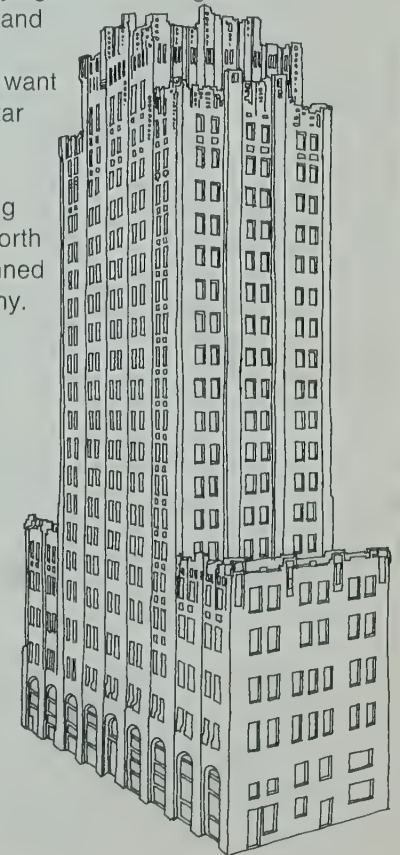
## 1905-1929

The move to 18-20 King Street West in 1905 gave The Star its first self-contained home. Here, for the first time, the paper had its own presses and could function independently. The Star constantly advocated reforms in face of government and often public disapproval: Free TB care, progressive income tax, minimum wage, old age pensions and unemployment insurance. ("Human life is more valuable than property . . . The well-being of the workers has a first mortgage on industry," — May 4, 1920.) The Star also urged public ownership of utilities and many reforms to improve the Toronto environment.



## 1929-1970

Joseph E. Atkinson's dream was to house The Star in the finest plant on the continent. The building at 80 King Street West, completed in 1929, was his fulfilment, as Atkinson accurately foresaw the shift of the business community west of Bay Street. During these years The Star continued to urge social reforms, including protection of minority rights, labor's right to organize and strike, and the freedom of the individual from fear, want and injustice. The Star was becoming an effective, dynamic news voice, so strong that it was the first North American paper banned from Hitler's Germany.



# Building for Tomorrow



Looking forward to moving into The Star's new building, the feeling is not of accomplishment but of anticipation, for this building is not the achievement of a goal, but the issue of a challenge.

One Yonge Street gives The Star the sophisticated tools necessary to provide superior newspaper service to the dynamic Metropolitan area of Toronto.

The challenge is to increase and diversify the concern and involvement of this newspaper with the life of its community.

Beland H. Honderich, speaking at the preview showing of the model of the new building on June 17, 1969, said: "The move into our new facilities is not just the case of an institution occupying new quarters equipped with new presses, but a kind of re-dedication of this newspaper to serve its community. Our aim is to engage the public — aggressively, accurately and actively — in free debate in the search for truth, even if that truth is not always popular."

So building for tomorrow not only describes the structure, but the attitude of all those engaged in the continuing process of advancement which has characterized the life of The Star.

The mandate issued in 1892 by the first publishers of The Star will continue to be the guideline in the future — "A Paper for the People."















FOR IMMEDIATE RELEASE!

December 3rd, 1970

ANNUAL REPORT 1970

Toronto Star Limited today reported that its net profit increased by \$291,000, or 10.5 per cent, in the fiscal year ended September 30th.

The annual report, mailed today to shareholders, shows a 1970 net profit of \$3,060,000, compared to \$2,769,000 in 1969, before extraordinary items. Earnings per share rose to \$1.28 from \$1.15.

In 1969 there was an extraordinary gain of \$8,790,000 from the sale of land. There was no such gain in 1970.

The report shows that gross revenues rose 1.8 per cent to \$53,177,000 from \$52,275,000. Advertising and circulation revenues rose 4.5 per cent, to \$42,915,000 from \$41,077,000. Total operating and financial costs rose to \$46,806,000 from \$46,449,000.

Beland H. Honderich, president and publisher, noted that The Star's share of total advertising lineage in Toronto and its retail trading zone, served by three daily newspapers, increased to 43.96 per cent from 42.69 per cent -- an increase of 1.27 per cent of the market.

He also noted that circulation continued its steady growth pattern of between 2 and 3 per cent. Circulation reached 398,268 for the six months ended March 31, 1970, a gain of 2.8 per cent, or 10,850 copies, over the prior six-month period. The Star's circulation share of the market is now 48.6 per cent, Honderich said.

Honderich said The Star expects to move into its new waterfront building late in 1971. Before operations are transferred, new production equipment will be installed and tested at the new site for some months.





AR09

*Mr. MacCallister*

**Toronto Star Limited**

**INTERIM  
REPORT  
TO  
SHAREHOLDERS**

**FOR THE SIX MONTHS ENDED  
MARCH 31, 1970**

**Toronto Star Limited**

80 KING STREET W., TORONTO 110, CANADA

## TO OUR SHAREHOLDERS:

The consolidated statement of income (unaudited) of Toronto Star Limited for the six month period ended March 31, 1970 and for the corresponding period for 1969 is set forth below:

Gross revenues for the first half of the current fiscal year rose by 5.5% to \$26,942,000. Net income before extraordinary items increased to \$1,664,000, a growth of \$310,000 over last year. As a result earnings per share improved 23%, an increase of 13¢ per share. Part of this increase, 4.7¢ per share or \$112,000, resulted from an increase in profit on redemption of outstanding bonds and debentures.

The rate of increase in Daily Star advertising revenues slowed during the second quarter but still showed an increase of 8% for the half year. Advertising lineage is closely related to general business conditions and present economic trends could have a dampening effect

on our growth in revenues and earnings for the balance of the fiscal year.

The Company has concluded an agreement to purchase York Cablevision subject to the approval of the Canadian Radio-Television Commission. It is expected the matter will come before the CRTC in the fall.

Construction of the new Star Building at 1 Yonge Street continues at a satisfactory pace. Payments amounting to \$834,000 against equipment for this new plant are included in the sum shown in the Source and Application of Funds Statement under Purchase of Fixed Assets.

*Beland Honderich*

Beland Honderich  
May 28, 1970

### SUMMARY OF CONSOLIDATED INCOME FOR THE SIX MONTHS ENDED MARCH 31, 1970 and 1969

	1970	1969
Gross Revenues .....	\$ 26,942,000	\$ 25,538,000
Investment Revenue .....	180,000	78,000
Provision for Depreciation .....	379,000	388,000
Interest on Long Term Debt .....	253,000	254,000
Provision for Income Taxes .....	1,789,000	1,532,000
Net Income before Extraordinary Item .....	1,664,000	1,354,000
Extraordinary Item—Profit on sale of Assets (Net of Income Taxes—\$160,000) .....		140,000
Per share (after 2 for 1 split)		
Net income before extraordinary item .....	69¢	56¢
Dividends .....	11¼¢	11¼¢

### SOURCE AND APPLICATION OF FUNDS FOR THE SIX MONTHS ENDED MARCH 31, 1970 and 1969

	1970	1969
Source of Funds:		
Net Income before Extraordinary Item .....	\$ 1,664,000	\$ 1,354,000
Depreciation and Amortization .....	379,000	397,000
Reduction in Investment—50% owned Companies .....	340,000	(50,000)
	<u>\$ 2,383,000</u>	<u>\$ 1,701,000</u>
Application of Funds To:		
Long Term Debt .....	\$ 1,250,000	\$ 633,000
Purchase of Fixed Assets (Net) .....	1,105,000	708,000
Miscellaneous .....	43,000	(31,000)
Dividends .....	270,000	270,000
	<u>\$ 2,668,000</u>	<u>\$ 1,580,000</u>
Increase (Decrease) in Working Capital .....	<u>\$ (285,000)</u>	<u>\$ 121,000</u>